



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: July 19, 2004

THE WEEK AHEAD

Pac 10 Loan Conference: On July 19, FSA representatives are presenting at the Pac 10 Loan Conference in Ocean Shores, Washington.

FSA IN THE FIELD

Fundamentals of Title IV Administration: From July 12-16, FSA representatives conducted Fundamentals of Title IV Administration training in Denver, Colorado and Walnut, California.

Intel Computer Clubhouse: On July 14 and 15, FSA participated in the Intel Computer Clubhouse's Teen Summit in Boston, MA. Over 250 Clubhouse students, parents and coordinators from around the world engaged in activities designed to focus their attention on college and career choices.

FSA Helps Disseminate Fraud Warning: FSA was recently alerted to a scam in which someone claiming to be a representative of the U.S. Department of Education called students and attempted to persuade them to provide bank account information. FSA representatives worked with the Office of Inspector General, Office of General Counsel and the Federal Trade Commission to develop a warning notice. The notice has been posted on FSA's student, counselor and financial aid administrator Web sites, as well as on OIG's site. The notice also has been sent to financial aid and higher education community.

OPERATIONAL METRICS

Application Activities through July 12, 2004: The Central Processing System (CPS) has processed 8.96 million FAFSA applications for the 2004-05 cycle, a 3.0% increase over the 2003-04 cycle.

Program Disbursements: Through the week ending July 10, annual Pell Grant disbursements reached \$12.6 billion for the 2003-04 academic year and \$78.9 million for the 2004-2005 academic year. Through the week ending July 10, annual Direct Loan disbursements reached \$11.7 billion for the 2003-04 academic year and \$115.2 million for the 2004-2005 academic year. Through the week ending July 13, annual FFEL disbursements reached \$29.2 billion for

the 2003-04 academic year and \$478,433 for the 2004-2005 academic year. Through June, annual Direct Consolidation Loan disbursements reached \$4.01 billion.

Direct Loan (DL) Servicing: As of June 30, the Direct Loan Portfolio reached 17.3 million loans (a 2.5% increase over last year) with a total value of \$82.2 billion (a 3.2% increase over last year) representing 6.4 million borrowers (a 3.8% increase over last year).

Consolidation Activity through June 30, 2004: Year to date, student loan consolidations from the Direct Loan program into the Direct Loan Consolidation program totaled \$1.87 billion, a 5.9% decrease over last year. Consolidations from the FFEL program into the Direct Loan Consolidation program totaled 2.1 billion, a .2% decrease over last year. Consolidations from the Direct Loan program into the FFEL program totaled \$6.2 billion, a 24.2% increase over last year.

Total Default Recoveries: Through July 9, total FSA Default Recoveries for FY04 reached \$1.448 billion, an increase of 15% from this time last year. Total non-consolidation recoveries reached \$1.307 billion, an increase of 24%. Combined Recoveries from our private collection agency efforts have reached \$936.77 million, up 23% over the same period in FY03.

Guarantor Recoveries: Through the end of May, total Guarantor Default Recoveries for FY04 reached \$2.570 billion, an increase of 5% from this time last year. Through the end of April, combined ED and guarantor recoveries reached \$3.813 billion, a 9% increase over last year. Total non-consolidation recoveries for ED and guarantors combined reached \$2.44 billion, an increase of 13.3%.

Direct Loan Delinquency Summary: The Direct Loan portfolio delinquency rate for May 2004 is 11.77%, an increase from the April delinquency rate of 10.84% and a decrease from the May 2003 delinquency rate of 12.63%.

1-800-4-FED-AID through July 10, 2004: Year to date, the Federal Student Aid Information Center (FSAIC) has received 4.39 million calls, an 11.5 % decrease over last year. Service levels have increased with 99.0% of calls completed, a .2% increase over last year. The average speed to answer decreased by 30.0% over last year to 7.0 seconds.

Direct Loan Servicing Call Center Phone Activity through July 9, 2004: Year to date, the Direct Loan Servicing Centers received 3.21 million calls to the Interactive Voice Response System, a decrease of 7.5% from 2003. Of those calls received, Borrower Services representatives handled 2.3 million calls, a decrease of 8.5% from 2003. The average speed of answer was 5.0 seconds, a decrease of 12.4% from 2003. The resolve rate for the Voice Response System was 28.2%, an increase of 3.6% from 2003. The Abandoned Call Rate was 0.22%, a decrease of 2.1% from 2003.

Student Aid on the Web: For the week ending July 10, *Student Aid on the Web* recorded 352,508 visits, 6,034,635 hits and 626,146 page views representing increases of 19.7%, 30.6%, and 17.5% respectively over the same period last year.

Weekly Report to Secretary Paige
July 19, 2004

For the week ending July 10, *MyFSA*, the *Student Aid on the Web* feature that allows students and parents to establish their own personal password protected accounts for use as they move through the financial aid life cycle, has recorded 39,920 new accounts. To date 3,493 students have submitted their FAFSA applications and 1,192 have applied for admission to college using the transfer module and the data entered in their *MyFSA* accounts.

Information for Financial Aid Professionals (IFAP) Web site Usage: For the week ending July 10, www.ifap.ed.gov received 55,540 visits representing 1.6 million hits.

Schools Portal Usage: For the week ending July 10, www.fsa4schools.ed.gov received 12,386 visits representing approximately 900,000 hits.

Customer Service Call Center Activity: For the week ending July 3, the Customer Service Call Center received 488 inquiries, posted one item to FSATech, and posted eight documents to IFAP.

KEY ISSUES

Private Collection Agency (PCA) Procurement: With the PCA task order bids due July 15, FSA expects to receive proposals from approximately 40 perspective PCA vendors. These proposals will be distributed to two FSA evaluation panels, which will evaluate each proposal for levels of success with regard to past performance, relevant corporate experience, computer systems readiness, and the experience of key personnel. The evaluation process is scheduled to last approximately 60 days with Task Order Awards being made by September 30, 2004.

Administrative Wage Garnishment (AWG): The last group of notices was sent to affected borrowers advising them of the Department's right, under the Debt Collection Improvement Act (DCIA), to garnish their wages at the 15% level, as opposed to the 10% level under the HEA.

Update on interest rate change for 2004: On May 24, interest rates on federal student loans dropped to 3.37% for the year beginning July 1, 2004. As of May 6, Loan Consolidation was authorized to hold applications and begin processing them after the July 1 interest rate change at the lower rate. As of July 1, over 56,000 consolidation applications totaling over \$1 billion had been received. On July 9, FSA began processing these applications and estimates completing the effort by the end of July.

ON THE HORIZON

Annual Tribal Schools Conference: On August 1-4, FSA representatives will be making presentations at the Annual Tribal Schools Conference in Polson, Montana.

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.